REGENCY CENTERS CORP
Form 10-Q
May 06, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016
or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-12298 (Regency Centers Corporation)
Commission File Number 0-24763 (Regency Centers, L.P.)

REGENCY CENTERS CORPORATION
REGENCY CENTERS, L.P.
(Exact name of registrant as specified in its charter)

FLORIDA (REGENCY CENTERS CORPORATION)	59-3191743
DELAWARE (REGENCY CENTERS, L.P)	59-3429602
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Independent Drive, Suite 114 Jacksonville, Florida 32202	(904) 598-7000
(Address of principal executive offices) (zip code)	(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Regency Centers Corporation	YES x NO o		Regency Centers, L.P.	YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Regency Centers Corporation	YES x NO o		Regency Centers, L.P.	YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Regency Centers Corporation:

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o

Regency Centers, L.P.:

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Regency Centers Corporation	YES o NO x		Regency Centers, L.P.	YES o NO x

The number of shares outstanding of the Regency Centers Corporation's voting common stock was 97,611,143 as of May 4, 2016.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2016 of Regency Centers Corporation and Regency Centers, L.P. Unless stated otherwise or the context otherwise requires, references to “Regency Centers Corporation” or the “Parent Company” mean Regency Centers Corporation and its controlled subsidiaries; and references to “Regency Centers, L.P.” or the “Operating Partnership” mean Regency Centers, L.P. and its controlled subsidiaries. The term “the Company” or “Regency” means the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) and the general partner of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units (“Units”). As of March 31, 2016, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership and the remaining limited Units are owned by investors. The Parent Company owns all of the Series 6 and 7 Preferred Units of the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has exclusive control of the Operating Partnership's day-to-day management.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report provides the following benefits:

- Enhances investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;

- Eliminates duplicative disclosure and provides a more streamlined and readable presentation; and

- Creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. The management of the Parent Company consists of the same individuals as the management of the Operating Partnership. These individuals are officers of the Parent Company and employees of the Operating Partnership.

The Company believes it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and approximately 23% of the secured debt of the Operating Partnership. The Operating Partnership holds all the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company's business. These sources include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partners' capital, and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units, and Series 6 and 7 Preferred Units owned by the Parent Company. The limited partners' units in the Operating Partnership owned by third parties are accounted for in partners' capital in the Operating Partnership's financial statements and outside of stockholders' equity in noncontrolling interests in the Parent Company's financial statements. The Series 6 and 7 Preferred Units owned by the Parent Company are eliminated in consolidation in the accompanying consolidated financial statements of the Parent Company and are classified as preferred units of general partner in the accompanying consolidated financial statements of the Operating Partnership.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements, controls and procedures sections, and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have assets other than its investment in the Operating Partnership. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
REGENCY CENTERS CORPORATION
Consolidated Balance Sheets
March 31, 2016 and December 31, 2015
(in thousands, except share data)

	2016	2015
Assets	(unaudited)	
Real estate investments at cost:		
Land	$1,435,619	1,432,468
Buildings and improvements	2,904,538	2,896,396
Properties in development	182,598	217,036
	4,522,755	4,545,900
Less: accumulated depreciation	1,060,922	1,043,787
	3,461,833	3,502,113
Properties held for sale	26,861	—
Investments in real estate partnerships	287,500	306,206
Net real estate investments	3,776,194	3,808,319
Cash and cash equivalents	27,137	36,856
Restricted cash	3,893	3,767
Accounts receivable, net of allowance for doubtful accounts of $5,304 and $5,295 at March 31, 2016 and December 31, 2015, respectively	25,702	32,292
Straight-line rent receivable, net of reserve of $1,421 and $1,365 at March 31, 2016 and December 31, 2015, respectively	65,067	63,392
Notes receivable	10,487	10,480
Deferred leasing costs, less accumulated amortization of $78,852 and $76,823 at March 31, 2016 and December 31, 2015, respectively	69,200	66,367
Acquired lease intangible assets, less accumulated amortization of $47,470 and $45,639 at March 31, 2016 and December 31, 2015, respectively	112,513	105,380
Trading securities held in trust, at fair value	29,615	29,093
Other assets	27,565	26,935
Total assets	$4,147,373	4,182,881
Liabilities and Equity		
Liabilities:		
Notes payable	$1,670,750	1,699,771
Unsecured credit facilities	164,550	164,514
Accounts payable and other liabilities	157,732	164,515
Acquired lease intangible liabilities, less accumulated accretion of $18,603 and $17,555 at March 31, 2016 and December 31, 2015, respectively	43,751	42,034
Tenants' security, escrow deposits and prepaid rent	28,217	29,427
Total liabilities	2,065,000	2,100,261
Commitments and contingencies (note 12)		
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value per share, 30,000,000 shares authorized; 13,000,000 Series 6 and 7 shares issued and outstanding at March 31, 2016 and December 31, 2015, with liquidation preferences of $25 per share	325,000	325,000
	976	972

Common stock, $0.01 par value per share,150,000,000 shares authorized; 97,610,485 and 97,212,638 shares issued at March 31, 2016 and December 31, 2015, respectively		
Treasury stock at cost, 382,969 and 417,862 shares held at March 31, 2016 and December 31, 2015, respectively	(18,371)	(19,658)
Additional paid in capital	2,748,904	2,742,508
Accumulated other comprehensive loss	(72,893)	(58,693)
Distributions in excess of net income	(936,945)	(936,020)
Total stockholders' equity	2,046,671	2,054,109
Noncontrolling interests:		
Exchangeable operating partnership units, aggregate redemption value of $11,540 and $10,502 at March 31, 2016 and December 31, 2015, respectively	(1,989)	(1,975)
Limited partners' interests in consolidated partnerships	37,691	30,486
Total noncontrolling interests	35,702	28,511
Total equity	2,082,373	2,082,620
Total liabilities and equity	$4,147,373	4,182,881

See accompanying notes to consolidated financial statements.

1

REGENCY CENTERS CORPORATION
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three months ended March 31, 2016	2015
Revenues:		
Minimum rent	$107,674	101,305
Percentage rent	1,703	1,808
Recoveries from tenants and other income	33,487	31,048
Management, transaction, and other fees	6,764	6,238
Total revenues	149,628	140,399
Operating expenses:		
Depreciation and amortization	38,716	35,992
Operating and maintenance	22,685	21,172
General and administrative	16,299	16,378
Real estate taxes	15,870	15,131
Other operating expenses	2,306	1,166
Total operating expenses	95,876	89,839
Other expense (income):		
Interest expense, net	24,142	26,633
Provision for impairment	1,666	—
Early extinguishment of debt	—	(61)
Net investment loss (income), including unrealized gains of $230 and $417 for the three months ended March 31, 2016 and 2015, respectively	155	(634)
Total other expense	25,963	25,938
Income from operations before equity in income of investments in real estate partnerships	27,789	24,622
Equity in income of investments in real estate partnerships	12,920	5,567
Income from operations	40,709	30,189
Gain on sale of real estate	12,868	803
Net income	53,577	30,992
Noncontrolling interests:		
Exchangeable operating partnership units	(85)	(49)
Limited partners' interests in consolidated partnerships	(349)	(503)
Income attributable to noncontrolling interests	(434)	(552)
Net income attributable to the Company	53,143	30,440
Preferred stock dividends	(5,266)	(5,266)
Net income attributable to common stockholders	$47,877	25,174
Income per common share - basic	$0.49	0.27
Income per common share - diluted	$0.49	0.27

See accompanying notes to consolidated financial statements.

2

REGENCY CENTERS CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Three months ended March 31,	
	2016	2015
Net income	$53,577	30,992
Other comprehensive loss:		
Effective portion of change in fair value of derivative instruments:		
Effective portion of change in fair value of derivative instruments	(16,785)	(13,882)
Less: reclassification adjustment of derivative instruments included in net income	2,453	2,249
Available for sale securities		
Unrealized loss on available-for-sale securities (note 4)	(36)	—
Other comprehensive (loss) income	(14,368)	(11,633)
Comprehensive income	39,209	19,359
Less: comprehensive income (loss) attributable to noncontrolling interests:		
Net income attributable to noncontrolling interests	434	552
Other comprehensive loss attributable to noncontrolling interests	(168)	(104)
Comprehensive income attributable to noncontrolling interests	266	448
Comprehensive income attributable to the Company	$38,943	18,911

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Equity
For the three months ended March 31, 2016 and 2015
(in thousands, except per share data)
(unaudited)

								Noncontrolling Interests			
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders' Equity	Exchangeable Operating Partnership Units	Limited Partners' Interest in Consolidated Partnerships	Total Noncontrolling Interests	Total Equity
Balance at December 31, 2014	$325,000	941	(19,382)	2,540,153	(57,748)	(882,372)	1,906,592	(1,914)	31,804	29,890	1,936,482
Net income	—	—	—	—	—	30,440	30,440	49	503	552	30,992
Other comprehensive loss	—	—	—	—	(11,529)	—	(11,529)	(18)	(86)	(104)	(11,633)
Deferred compensation plan, net	—	—	(1,256)	1,256	—	—	—	—	—	—	—
Restricted stock issued, net of amortization	—	2	—	3,546	—	—	3,548	—	—	—	3,548
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(9,850)	—	—	(9,850)	—	—	—	(9,850)
Common stock issued for dividend reinvestment plan	—	—	—	374	—	—	374	—	—	—	374
Common stock issued for stock offerings, net of issuance costs	—	—	—	992	—	—	992	—	—	—	992
Contributions from partners	—	—	—	—	—	—	—	—	13	13	13
Distributions to partners	—	—	—	—	—	—	—	—	(1,050)	(1,050)	(1,050)
Cash dividends declared:											
Preferred stock	—	—	—	—	—	(5,266)	(5,266)	—	—	—	(5,266)

Common stock/unit ($0.485 per share)	—	—	—	—	—	(45,647)	(45,647)	(76)	—	(76)	(45,723)
Balance at March 31, 2015	$325,000	943	(20,638)	2,536,471	(69,277)	(902,845)	1,869,654	(1,959)	31,184	29,225	1,898,879
Balance at December 31, 2015	$325,000	972	(19,658)	2,742,508	(58,693)	(936,020)	2,054,109	(1,975)	30,486	28,511	2,082,620
Net income	—	—	—	—	—	53,143	53,143	85	349	434	53,577
Other comprehensive loss	—	—	—	—	(14,200)	—	(14,200)	(22)	(146)	(168)	(14,368)
Deferred compensation plan, net	—	—	1,287	(1,287)	—	—	—	—	—	—	—
Restricted stock issued, net of amortization	—	2	—	3,400	—	—	3,402	—	—	—	3,402
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(7,950)	—	—	(7,950)	—	—	—	(7,950)
Common stock issued for dividend reinvestment plan	—	—	—	292	—	—	292	—	—	—	292
Common stock issued for stock offerings, net of issuance costs	—	2	—	12,291	—	—	12,293	—	—	—	12,293
Contributions from partners	—	—	—	—	—	—	—	—	8,389	8,389	8,389
Distributions to partners	—	—	—	(350)	—	—	(350)	—	(1,387)	(1,387)	(1,737)
Cash dividends declared:											
Preferred stock	—	—	—	—	—	(5,266)	(5,266)	—	—	—	(5,266)
Common stock/unit ($0.50 per share)	—	—	—	—	—	(48,802)	(48,802)	(77)	—	(77)	(48,879)
Balance at March 31, 2016	$325,000	976	(18,371)	2,748,904	(72,893)	(936,945)	2,046,671	(1,989)	37,691	35,702	2,082,373

See accompanying notes to consolidated financial statements.

4

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31, 2016 and 2015
(in thousands)
(unaudited)

	2016	2015
Cash flows from operating activities:		
Net income	$53,577	30,992
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,716	35,992
Amortization of deferred loan cost and debt premium	2,353	2,447
Amortization and (accretion) of above and below market lease intangibles, net	(351)	(521)
Stock-based compensation, net of capitalization	2,621	2,900
Equity in income of investments in real estate partnerships	(12,920)	(5,567)
Gain on sale of real estate	(12,868)	(803)
Provision for impairment	1,666	—
Early extinguishment of debt	—	(61)
Distribution of earnings from operations of investments in real estate partnerships	13,840	12,301
Deferred compensation expense	(148)	631
Realized and unrealized loss (gain) on investments	155	(634)
Changes in assets and liabilities:		
Restricted cash	(109)	1,415
Accounts receivable	(3,613)	(7,827)
Straight-line rent receivables, net	(1,848)	(1,877)
Deferred leasing costs	(2,903)	(1,816)
Other assets	(746)	(1,137)
Accounts payable and other liabilities	(7,286)	(13,101)
Tenants’ security, escrow deposits and prepaid rent	(1,301)	1,124
Net cash provided by operating activities	68,835	54,458
Cash flows from investing activities:		
Acquisition of operating real estate	(16,483)	—
Advance deposits on acquisition of operating real estate	—	(4,000)
Real estate development and capital improvements	(38,289)	(55,047)
Proceeds from sale of real estate investments	32,261	3,414
Investments in real estate partnerships	(2,438)	(1,344)
Distributions received from investments in real estate partnerships	18,296	2,717
Dividends on investments	59	31
Acquisition of securities	(41,946)	(3,726)
Proceeds from sale of securities	41,207	2,868
Net cash used in investing activities	(7,333)	(55,087)
Cash flows from financing activities:		
Net proceeds from common stock issuance	12,293	992
Proceeds from sale of treasury stock	904	—
Distributions to limited partners in consolidated partnerships, net	(1,707)	(1,050)
Distributions to exchangeable operating partnership unit holders	(77)	(76)
Dividends paid to common stockholders	(48,510)	(45,273)
Dividends paid to preferred stockholders	(5,266)	(5,266)
Proceeds from unsecured credit facilities	10,000	40,000
Repayment of unsecured credit facilities	(10,000)	(10,000)

Proceeds from notes payable	—	1,351
Repayment of notes payable	(27,281)	(55,777)
Scheduled principal payments	(1,572)	(1,481)
Payment of loan costs	(5)	(78)
Net cash used in financing activities	(71,221)	(76,658)
Net decrease in cash and cash equivalents	(9,719)	(77,287)
Cash and cash equivalents at beginning of the period	36,856	113,776
Cash and cash equivalents at end of the period	$27,137	36,489

5

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31, 2016, and 2015
(in thousands)
(unaudited)

	2016	2015
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $973 and $2,059 in 2016 and 2015, respectively)	$7,611	17,964
Cash paid for income taxes	$—	697
Supplemental disclosure of non-cash transactions:		
Change in fair value of derivative instruments	$(16,785)	(13,882)
Common stock issued for dividend reinvestment plan	$292	374
Stock-based compensation capitalized	$814	701
Contributions from limited partners in consolidated partnerships, net	$8,362	13
Common stock issued for dividend reinvestment in trust	$190	214
Contribution of stock awards into trust	$958	1,042
Distribution of stock held in trust	$1,807	—
Change in fair value of securities available-for-sale	$(36)	—

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Balance Sheets
March 31, 2016 and December 31, 2015
(in thousands, except unit data)

	2016 (unaudited)	2015
Assets		
Real estate investments at cost:		
Land	$1,435,619	1,432,468
Buildings and improvements	2,904,538	2,896,396
Properties in development	182,598	217,036
	4,522,755	4,545,900
Less: accumulated depreciation	1,060,922	1,043,787
	3,461,833	3,502,113
Properties held for sale	26,861	—
Investments in real estate partnerships	287,500	306,206
Net real estate investments	3,776,194	3,808,319
Cash and cash equivalents	27,137	36,856
Restricted cash	3,893	3,767
Accounts receivable, net of allowance for doubtful accounts of $5,304 and $5,295 at March 31, 2016 and December 31, 2015, respectively	25,702	32,292
Straight-line rent receivable, net of reserve of $1,421 and $1,365 at March 31, 2016 and December 31, 2015, respectively	65,067	63,392
Notes receivable	10,487	10,480
Deferred leasing costs, less accumulated amortization of $78,852 and $76,823 at March 31, 2016 and December 31, 2015, respectively	69,200	66,367
Acquired lease intangible assets, less accumulated amortization of $47,470 and $45,639 at March 31, 2016 and December 31, 2015, respectively	112,513	105,380
Trading securities held in trust, at fair value	29,615	29,093
Other assets	27,565	26,935
Total assets	$4,147,373	4,182,881
Liabilities and Capital		
Liabilities:		
Notes payable	$1,670,750	1,699,771
Unsecured credit facilities	164,550	164,514
Accounts payable and other liabilities	157,732	164,515
Acquired lease intangible liabilities, less accumulated accretion of $18,603 and $17,555 at March 31, 2016 and December 31, 2015, respectively	43,751	42,034
Tenants' security, escrow deposits and prepaid rent	28,217	29,427
Total liabilities	2,065,000	2,100,261
Commitments and contingencies (note 12)		
Capital:		
Partners' capital:		
Preferred units of general partner, $0.01 par value per unit, 13,000,000 units issued and outstanding at March 31, 2016 and December 31, 2015, liquidation preference of $25 per unit	325,000	325,000
General partner; 97,610,485 and 97,212,638 units outstanding at March 31, 2016 and December 31, 2015, respectively	1,794,564	1,787,802
Limited partners; 154,170 units outstanding at March 31, 2016 and December 31, 2015	(1,989)	(1,975)

Accumulated other comprehensive loss	(72,893)	(58,693)
Total partners’ capital	2,044,682	2,052,134
Noncontrolling interests:		
Limited partners’ interests in consolidated partnerships	37,691	30,486
Total noncontrolling interests	37,691	30,486
Total capital	2,082,373	2,082,620
Total liabilities and capital	$4,147,373	4,182,881

See accompanying notes to consolidated financial statements.

7

REGENCY CENTERS, L.P.
Consolidated Statements of Operations
(in thousands, except per unit data)
(unaudited)

	Three months ended March 31, 2016	2015
Revenues:		
Minimum rent	$107,674	101,305
Percentage rent	1,703	1,808
Recoveries from tenants and other income	33,487	31,048
Management, transaction, and other fees	6,764	6,238
Total revenues	149,628	140,399
Operating expenses:		
Depreciation and amortization	38,716	35,992
Operating and maintenance	22,685	21,172
General and administrative	16,299	16,378
Real estate taxes	15,870	15,131
Other operating expenses	2,306	1,166
Total operating expenses	95,876	89,839
Other expense (income):		
Interest expense, net	24,142	26,633
Provision for impairment	1,666	—
Early extinguishment of debt	—	(61)
Net investment loss (income), including unrealized gains of $230 and $417 for the three months ended March 31, 2016 and 2015, respectively	155	(634)
Total other expense	25,963	25,938
Income from operations before equity in income of investments in real estate partnerships	27,789	24,622
Equity in income of investments in real estate partnerships	12,920	5,567
Income from operations	40,709	30,189
Gain on sale of real estate	12,868	803
Net income	53,577	30,992
Limited partners' interests in consolidated partnerships	(349)	(503)
Net income attributable to the Partnership	53,228	30,489
Preferred unit distributions	(5,266)	(5,266)
Net income attributable to common unit holders	$47,962	25,223
Income per common unit - basic	$0.49	0.27
Income per common unit - diluted	$0.49	0.27

See accompanying notes to consolidated financial statements.

8

REGENCY CENTERS, L.P.
Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Three months ended March 31,	
	2016	2015
Net income	$53,577	30,992
Other comprehensive loss:		
Effective portion of change in fair value of derivative instruments:		
Effective portion of change in fair value of derivative instruments	(16,785)	(13,882)
Less: reclassification adjustment of derivative instruments included in net income	2,453	2,249
Available for sale securities		
Unrealized loss on available-for-sale securities (note 4)	(36)	—
Other comprehensive (loss) income	(14,368)	(11,633)
Comprehensive income	39,209	19,359
Less: comprehensive income (loss) attributable to noncontrolling interests:		
Net income attributable to noncontrolling interests	349	503
Other comprehensive income (loss) attributable to noncontrolling interests	(146)	(86)
Comprehensive income attributable to noncontrolling interests	203	417
Comprehensive income attributable to the Partnership	$39,006	18,942

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Capital
For the three months ended March 31, 2016 and 2015
(in thousands)
(unaudited)

	General Partner Preferred and Common Units	Limited Partners	Accumulated Other Comprehensive Loss	Total Partners' Capital	Noncontrolling Interests in Limited Partners' Interest in Consolidated Partnerships	Total Capital
Balance at December 31, 2014	$1,964,340	(1,914)	(57,748)	1,904,678	31,804	1,936,482
Net income	30,440	49	—	30,489	503	30,992
Other comprehensive loss	—	(18)	(11,529)	(11,547)	(86)	(11,633)
Contributions from partners	—	—	—	—	13	13
Distributions to partners	(45,647)	(76)	—	(45,723)	(1,050)	(46,773)
Preferred unit distributions	(5,266)	—	—	(5,266)	—	(5,266)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	3,548	—	—	3,548	—	3,548
Common units redeemed as a result of common stock redeemed by Parent Company, net of issuances	(8,484)	—	—	(8,484)	—	(8,484)
Balance at March 31, 2015	1,938,931	(1,959)	(69,277)	1,867,695	31,184	1,898,879
Balance at December 31, 2015	2,112,802	(1,975)	(58,693)	2,052,134	30,486	2,082,620
Net income	53,143	85	—	53,228	349	53,577
Other comprehensive loss	—	(22)	(14,200)	(14,222)	(146)	(14,368)
Contributions from partners	—	—	—	—	8,389	8,389
Distributions to partners	(49,152)	(77)	—	(49,229)	(1,387)	(50,616)
Preferred unit distributions	(5,266)	—	—	(5,266)	—	(5,266)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	3,402	—	—	3,402	—	3,402
Common units issued as a result of common stock issued by Parent Company, net of repurchases	4,635	—	—	4,635	—	4,635
Balance at March 31, 2016	$2,119,564	(1,989)	(72,893)	2,044,682	37,691	2,082,373

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2016 and 2015
(in thousands)
(unaudited)

	2016	2015
Cash flows from operating activities:		
Net income	$53,577	30,992
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,716	35,992
Amortization of deferred loan cost and debt premium	2,353	2,447
Amortization and (accretion) of above and below market lease intangibles, net	(351)	(521)
Stock-based compensation, net of capitalization	2,621	2,900
Equity in income of investments in real estate partnerships	(12,920)	(5,567)
Gain on sale of real estate	(12,868)	(803)
Provision for impairment	1,666	—
Early extinguishment of debt	—	(61)
Distribution of earnings from operations of investments in real estate partnerships	13,840	12,301
Deferred compensation expense	(148)	631
Realized and unrealized loss (gain) on investments	155	(634)
Changes in assets and liabilities:		
Restricted cash	(109)	1,415
Accounts receivable	(3,613)	(7,827)
Straight-line rent receivables, net	(1,848)	(1,877)
Deferred leasing costs	(2,903)	(1,816)
Other assets	(746)	(1,137)
Accounts payable and other liabilities	(7,286)	(13,101)
Tenants' security, escrow deposits and prepaid rent	(1,301)	1,124
Net cash provided by operating activities	68,835	54,458
Cash flows from investing activities:		
Acquisition of operating real estate	(16,483)	—
Advance deposits on acquisition of operating real estate	—	(4,000)
Real estate development and capital improvements	(38,289)	(55,047)
Proceeds from sale of real estate investments	32,261	3,414
Investments in real estate partnerships	(2,438)	(1,344)
Distributions received from investments in real estate partnerships	18,296	2,717
Dividends on investments	59	31
Acquisition of securities	(41,946)	(3,726)
Proceeds from sale of securities	41,207	2,868
Net cash used in investing activities	(7,333)	(55,087)
Cash flows from financing activities:		
Net proceeds from common units issued as a result of common stock issued by Parent Company	12,293	992
Proceeds from sale of treasury stock	904	—
Distributions (to) from limited partners in consolidated partnerships, net	(1,707)	(1,050)
Distributions to partners	(48,587)	(45,349)
Distributions to preferred unit holders	(5,266)	(5,266)
Proceeds from unsecured credit facilities	10,000	40,000
Repayment of unsecured credit facilities	(10,000)	(10,000)
Proceeds from notes payable	—	1,351

Repayment of notes payable	(27,281)	(55,777)
Scheduled principal payments	(1,572)	(1,481)
Payment of loan costs	(5)	(78)
Net cash used in financing activities	(71,221)	(76,658)
Net decrease in cash and cash equivalents	(9,719)	(77,287)
Cash and cash equivalents at beginning of the period	36,856	113,776
Cash and cash equivalents at end of the period	$27,137	36,489

11

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2016, and 2015
(in thousands)
(unaudited)

	2016	2015
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $973 and $2,059 in 2016 and 2015, respectively)	$7,611	17,964
Cash paid for income taxes	$—	697
Supplemental disclosure of non-cash transactions:		
Initial fair value of non-controlling interest recorded at acquisition	$—	—
Change in fair value of derivative instruments	$(16,785)	(13,882)
Common stock issued by Parent Company for dividend reinvestment plan	$292	374
Stock-based compensation capitalized	$814	701
Contributions from limited partners in consolidated partnerships, net	$8,362	13
Common stock issued for dividend reinvestment in trust	$190	214
Contribution of stock awards into trust	$958	1,042
Distribution of stock held in trust	$1,807	—
Change in fair value of securities available-for-sale	$(36)	—

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

1. Organization and Principles of Consolidation
General
Regency Centers Corporation (the “Parent Company”) began its operations as a Real Estate Investment Trust (“REIT”) in 1993 and is the general partner of Regency Centers, L.P. (the “Operating Partnership”). The Parent Company engages in the ownership, management, leasing, acquisition, and development of retail shopping centers through the Operating Partnership, and has no other assets or liabilities other than through its investment in the Operating Partnership. The Parent Company currently owns approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership. As of March 31, 2016, the Parent Company, the Operating Partnership, and their controlled subsidiaries on a consolidated basis (the "Company” or “Regency”) directly owned 199 retail shopping centers and held partial interests in an additional 115 retail shopping centers through investments in real estate partnerships (also referred to as "joint ventures" or "investment partnerships").

The consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These adjustments are considered to be of a normal recurring nature.

Consolidation
The Company consolidates properties that are wholly owned or properties where it owns less than 100%, but which it controls. Control is determined using an evaluation based on accounting standards related to the consolidation of voting interest entities and variable interest entities ("VIEs"). For joint ventures that are determined to be a VIE, it consolidates the entity where it is deemed to be the primary beneficiary. Determination of the primary beneficiary is based on whether an entity has (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. The Company's determination of the primary beneficiary considers all relationships between it and the VIE, including management agreements and other contractual arrangements.
Ownership of the Operating Partnership
The Operating Partnership’s capital includes general and limited common Partnership Units. As of December 31, 2015, the Parent Company owned approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership with the remaining limited Partnership Units held by third parties (“Exchangeable operating partnership units” or “EOP units”). The Parent Company serves as general partner of the Operating Partnership. The EOP unit holders have limited rights over the Operating Partnership such that they do not have characteristics of a controlling financial interest. As such, the Operating Partnership is considered a variable interest entity, and the Parent Company is the primary beneficiary which consolidates it. The Parent Company’s only investment is the Operating Partnership.
Real Estate Partnerships
Regency owns 115 properties through partnerships with institutional investors, other real estate developers and/or operators, and individual parties who help Regency source transactions for development and investment ("the Partners", "limited partners"). Regency has a variable interest in these entities through its equity interest. As managing member, Regency maintains the books and records and typically provides leasing and property management to the partnerships. The partners’ level of involvement varies from protective decisions (debt, bankruptcy, selling primary asset(s) of business) to involvement in approving leases, operating budgets, and capital budgets.

- Those partnerships for which the partners only have protective rights are considered VIEs under ASC 810, Consolidation. Regency is the primary beneficiary of these VIEs as Regency has power over these partnerships and they operate primarily for the benefit of Regency. As such, Regency consolidates these entities and reports the limited partners’ interest as noncontrolling interests.

13

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

The majority of the operations of the VIEs are funded with cash flows generated by the properties, or in the case of developments, with capital contributions or third party construction loans. Regency does not provide financial support to the VIEs.

The major classes of assets and liabilities held by these VIEs are as follows:

(in thousands)	March 31, 2016	December 31, 2015
Assets		
Real estate assets, net	$ 90,139	81,424
Cash and cash equivalents	9,670	790
Liabilities		
Notes payable	17,635	17,948
Equity		
Limited partners’ interests in consolidated partnerships	19,208	11,058

- Those partnerships for which the partners are involved in the day to day decisions and do not have any other aspects that would cause them to be considered VIEs, are evaluated for consolidation using the voting interest model.

  Those partnerships which Regency has a controlling financial interest are consolidated and the limited partners’ ownership interest and share of net income is recorded as noncontrolling interest.

  Those partnerships which Regency does not have a controlling financial interest are accounted for using the equity method and its ownership interest is recognized through single-line presentation as Investments in Real Estate Partnerships, in the Consolidated Balance Sheet, and Equity in Income of Investments in Real Estate Partnerships, in the Consolidated Statements of Operations.

The assets of these partnerships are restricted to the use of the partnerships and cannot be used by general creditors of the Company. And similarly, the obligations of these partnerships can only be settled by the assets of these partnerships.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

Recent Accounting Pronouncements

The following table provides a brief description of recent accounting pronouncements and expected impact on our financial statements:

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Recently adopted:			
ASU 2015-02, February 2015, Consolidation (Topic 810): Amendments to the Consolidation Analysis	ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. ASU 2015-02 modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, eliminates the presumption that a general partner should consolidate a limited partnership, and affects the consolidation analysis of reporting entities that are involved with VIEs.	January 2016	The adoption of this standard resulted in five additional investment partnerships being considered variable interest entities due to the limited partners' lack of substantive participation in the partnerships. This did not result in any impact to the Company's Consolidated Balance Sheets, Statements of Operations, or Cash Flows, but did result in additional disclosures about its relationships with and exposure to variable interest entities.
ASU 2015-03, April 2015, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs	ASU 2015-03 simplifies the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.	January 2016	The adoption and implementation of this standard has resulted in the retrospective presentation of debt issuance costs associated with the Company's notes payable and term loans as a direct deduction from the carrying amount of the related debt instruments (previously, included in deferred costs in the consolidated balance sheets). Unamortized debt issuance costs of $7.8 million and $8.2 million have been reclassified to offset the related debt as of March 31, 2016 and December 31, 2015, respectively.
ASU 2015-15, August 2015, Interest—Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements	ASU 2015-15 clarifies that debt issuance costs related to line-of-credit arrangements may be deferred and presented as an asset, amortized over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings.	January 2016	The adoption of this standard resulted in debt issuance costs related to the Line of credit ("Line") to continue being presented as an asset in the Consolidated Balance Sheets, previously within deferred costs, and now presented within other assets.

15

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Not yet adopted:			
ASU 2014-15, August 2014, Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern	The standard requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern, and to provide certain disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued.	December 2016	The Company does not expect the adoption of this standard to have an impact on its Consolidated Balance Sheets, Statements of Operations, or Cash Flows but will result in more disclosure surrounding the Company's plans around significant debt maturities.
ASU 2016-09, March 2016, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting	This ASU affects entities that issue share-based payment awards to their employees. The ASU is designed to simplify several aspects of accounting for share-based payment award transactions including income tax consequences, classification of awards as either equity or liabilities, an option to recognize stock compensation forfeitures as they occur, and changes to classification on the statement of cash flows.	January 2017	We are currently evaluating the alternative methods of adoption and the impact it may have on the Company's financial statements and related disclosures.
ASU 2014-09, May 2014, Revenue from Contracts with Customers (Topic 606)	The standard will replace existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date.	January 2018	The Company is currently evaluating the alternative methods of adoption and the impact it may have on its financial statements and related disclosures.
ASU 2016-01, January 2016, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	The standard amends the guidance to classify equity securities with readily-determinable fair values into different categories and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. Equity investments accounted for under the equity method are not included in the scope of this	January 2018	The Company does not expect the adoption and implementation of this standard to have a material impact on its results of operations, financial condition or cash flows.

	amendment. Early adoption of this amendment is not permitted.		
ASU 2016-08, March 2016, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations	The standard will replace existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date.	January 2018	The Company is currently evaluating the alternative methods of adoption and the impact it may have on its financial statements and related disclosures.
ASU 2016-02, February 2016, Leases (Topic 842)	The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. Early adoption of this standard is permitted to coincide with adoption of ASU 2014-09. The standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief.	January 2019	The Company is currently evaluating the alternative methods of adoption and the impact it will have on its financial statements and related disclosures.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

2. Real Estate Investments

The following table details the shopping centers acquired or land acquired for development during the three months ended March 31, 2016. The real estate operations acquired are not considered material to the Company, individually or in the aggregate. Additionally, the Company had $1.3 million in deposits toward the potential acquisition of operating properties. There were no shopping centers or land acquired during the three months ended March 31, 2015:

(in thousands)		Three months ended March 31, 2016						
Date Purchased	Property Name	City/State	Property Type	Ownership	Purchase Price	Debt Assumed, Net of Premiums	Intangible Assets	Intangible Liabilities
2/22/16	Garden City Park	Garden City Park, NY	Operating	100%	$17,300	—	10,171	2,940
3/4/16	The Market at Springwoods Village [1]	Houston, TX	Development	53%	17,994	—	—	—
Total property acquisitions					$35,294	—	10,171	2,940

[1] Regency acquired a 53% controlling interest in the Market at Springwoods Village partnership to develop a shopping center on land contributed by the partner. As a result of consolidation, the Company recorded the partner's non-controlling interest of $8.4 million.

3. Property Dispositions

Dispositions

The following table provides a summary of shopping centers and land out-parcels disposed of:

	Three months ended March 31,	
(in thousands)	2016	2015
Net proceeds from sale of real estate investments	$34,321	$3,414
Gain on sale of real estate	$12,868	$803
Provision for impairment	$(866)	$—
Number of operating properties sold	3	1
Number of land parcels sold	5	—
Percent interest sold	100 %	100 %

Held for Sale

At March 31, 2016, the Company was under contract to sell two operating properties and one parcel of land. The assets associated with these properties have been classified as Properties held for sale in the accompanying Consolidated Balance Sheets.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

4. Available-for-Sale Securities

Available-for-sale securities consist of investments held by the Company's wholly-owned captive insurance subsidiary, which is required to maintain statutory minimum capital and surplus; therefore its access to these securities may be limited. Available-for-sale securities are included in other assets in the accompanying Consolidated Balance Sheets. The Company had no available-for-sale securities as of March 31, 2015.

	March 31, 2016			
(in thousands)	Amortized Cost	Gains in Accumulated Other Comprehensive Loss	Losses in Accumulated Other Comprehensive Loss	Estimated Fair Value
Certificates of deposit	$1,000	4	—	1,004
Corporate bonds	6,969	—	(83)	6,886
Total	$7,969	4	(83)	7,890

Realized gains or losses on investments are recorded in the Company's consolidated statements of operations within net investment income. Upon the sale of a security classified as available-for-sale prior to its maturity, the security's specific unrealized gain (loss) is reclassified out of accumulated other comprehensive loss into earnings based on the specific identification method. During the three months ended March 31, 2016 and 2015, there were no such reclassifications from accumulated other comprehensive loss into earnings.

The contractual maturities of available-for-sale securities were as follows:

	March 31, 2016			
(in thousands)	Less than 12 months	1-3 Years	Over 3 Years	Total
Certificates of deposit	$750	—	254	1,004
Corporate bonds	1,004	4,883	999	6,886
Total	$1,754	4,883	1,253	7,890

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

5. Notes Payable and Unsecured Credit Facilities
The Company's outstanding debt consisted of the following:

(in thousands)	March 31, 2016	December 31, 2015
Notes payable:		
Fixed rate mortgage loans	$445,793	475,214
Variable rate mortgage loans [1]	34,154	34,154
Fixed rate unsecured loans	1,190,803	1,190,403
Total notes payable	1,670,750	1,699,771
Unsecured credit facilities:		
Line of Credit (the "Line")	—	—
Term Loan	164,550	164,514
Total unsecured credit facilities	164,550	164,514
Total debt outstanding	$1,835,300	1,864,285

[1] An interest rate swap is in place fixing the interest rate at 3.696% on $28.1 million of this variable rate mortgage for both periods. The underlying debt maintains a variable interest rate of 1 month LIBOR plus 150 basis points and matures October 16, 2020. See note 6.

As of March 31, 2016 , the key interest rates of the Company's notes payables and credit facilities were as follows:

	March 31, 2016		
	Weighted Average Effective Rate		Weighted Average Contractual Rate
Mortgage loans	6.1%		6.1%
Fixed rate unsecured loans	5.5%		4.8%
Unsecured credit facilities	1.5%	[1]	1.4%

[1] Weighted average effective rate for the unsecured credit facilities is calculated based on a fully drawn Line balance.
Since December 31, 2015 the Company has repaid two mortgages totaling $27.3 million that were scheduled to mature during 2016.

As of March 31, 2016, scheduled principal payments and maturities on notes payable were as follows:

(in thousands)	March 31, 2016			
Scheduled Principal Payments and Maturities by Year:	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities [1]	Total
2016	$4,595	14,161	—	18,756
2017	5,778	117,298	300,000	423,076
2018	5,103	57,358	—	62,461
2019	4,130	106,000	165,000	275,130
2020	3,986	84,011	150,000	237,997
Beyond 5 Years	12,347	58,255	750,000	820,602
Unamortized debt premium/(discount) and issuance costs	—	6,925	(9,647)	(2,722)
Total	$35,939	444,008	1,355,353	1,835,300

[1] Includes unsecured public debt and unsecured credit facilities.

The Company was in compliance as of March 31, 2016 with the financial and other covenants under its unsecured public debt and unsecured credit facilities.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

6. Derivative Financial Instruments

The following table summarizes the terms and fair values of the Company's derivative financial instruments, as well as their classification on the Consolidated Balance Sheets:

(in thousands)						Fair Value Liabilities [2]	
Effective Date	Maturity Date	Early Termination Date [1]	Notional Amount	Bank Pays Variable Rate of	Regency Pays Fixed Rate of	March 31, 2016	December 31, 2015
10/16/13	10/16/20	N/A	$28,100	1 Month LIBOR	2.196%	$(1,482)	(898)
6/15/17	6/15/27	12/15/17	20,000	3 Month LIBOR	3.488%	(3,039)	(1,798)
6/15/17	6/15/27	12/15/17	100,000	3 Month LIBOR	3.480%	(15,122)	(8,922)
6/15/17	6/15/27	12/15/17	100,000	3 Month LIBOR	3.480%	(15,122)	(8,921)
Total derivative financial instruments						$(34,765)	(20,539)

[1] Represents the date specified in the agreement for either optional or mandatory early termination which will result in cash settlement.

[2] Derivatives in an asset position are included within Other Assets in the accompanying Consolidated Balance Sheets, while those in a liability position are included within Accounts Payable and Other Liabilities.

These derivative financial instruments are all interest rate swaps, which are designated and qualify as cash flow hedges. The Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges. The Company has master netting agreements; however, the Company does not have multiple derivatives subject to a single master netting agreement with the same counterparties. Therefore, none are offset in the accompanying Consolidated Balance Sheet.

The Company expects to issue new debt in 2017. In order to mitigate the risk of interest rate volatility, the Company previously entered into $220 million of forward starting interest rate swaps to partially hedge the new debt expected to be issued in 2017. These interest rate swaps lock in the 10-year treasury rate and swap spread at a weighted average fixed rate of 3.48%. A current market based credit spread applicable to Regency will be added to the locked in fixed rate at time of issuance that will determine the final bond yield.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive income (loss) ("AOCI") and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings within interest expense.

The following table represents the effect of the derivative financial instruments on the accompanying consolidated financial statements:

Derivatives in FASB ASC Topic 815 Cash Flow Hedging Relationships:	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location and Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			Location and Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		
	Three months ended March 31,			Three months ended March 31,			Three months ended March 31,	
(in thousands)	2016	2015		2016	2015		2016	2015
Interest rate swaps	$(16,785)	(13,882)		$(2,453)	(2,249)	Other expenses	$ —	—

Interest
expense

As of March 31, 2016, the Company expects $9.6 million of net deferred losses on derivative instruments accumulated in other comprehensive income to be reclassified into earnings during the next 12 months, of which $8.3 million is related to previously settled swaps.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

7. Fair Value Measurements

(a) Disclosure of Fair Value of Financial Instruments

All financial instruments of the Company are reflected in the accompanying Consolidated Balance Sheets at amounts which, in management's estimation, reasonably approximate their fair values, except for the following:

(in thousands)	March 31, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Notes receivable	$10,487	10,461	$10,480	10,620
Financial liabilities:				
Notes payable	$1,670,750	1,783,000	$1,699,771	1,793,200
Unsecured credit facilities	$164,550	164,800	$164,514	165,300

The above fair values represent the amounts that would be received from selling those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants as of March 31, 2016 and December 31, 2015. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability.

The Company develops its judgments based on the best information available at the measurement date, including expected cash flows, appropriately risk-adjusted discount rates, and available observable and unobservable inputs. Service providers involved in fair value measurements are evaluated for competency and qualifications on an ongoing basis. As considerable judgment is often necessary to estimate the fair value of these financial instruments, the fair values presented above are not necessarily indicative of amounts that will be realized upon disposition of the financial instruments.

The following methods and assumptions were used to estimate the fair value of these financial instruments:

Notes Receivable

The fair value of the Company's notes receivable is estimated by calculating the present value of future contractual cash flows discounted at interest rates available for notes of the same terms and maturities, adjusted for counter-party specific credit risk. The fair value of notes receivable was determined primarily using Level 3 inputs of the fair value hierarchy, which considered counter-party credit risk and loan to value ratio on the underlying property securing the note receivable.

Notes Payable

The fair value of the Company's unsecured debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the unsecured debt was determined using Level 2 inputs of the fair value hierarchy.

The fair value of the Company's mortgage notes payable is estimated by discounting future cash flows of each instrument at rates that reflect the current market rates available to the Company for debt of the same terms and maturities. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value at the time the property is acquired. The fair value of the mortgage notes payable was determined using Level 2 inputs of the fair value hierarchy.

Unsecured Credit Facilities

The fair value of the Company's unsecured credit facilities is estimated based on the interest rates currently offered to the Company by financial institutions. The fair value of the credit facilities was determined using Level 2 inputs of the fair value hierarchy.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

The following interest rate ranges were used by the Company to estimate the fair value of its financial instruments:

	March 31, 2016		December 31, 2015	
	Low	High	Low	High
Notes receivable	6.9%	6.9%	6.3%	6.3%
Notes payable	2.6%	4.1%	2.8%	4.2%
Unsecured credit facilities	1.4%	1.4%	1.1%	1.1%

(b) Fair Value Measurements

The following financial instruments are measured at fair value on a recurring basis:

Trading Securities Held in Trust

The Company has investments in marketable securities, which are assets of the non-qualified deferred compensation plan ("NQDCP"), that are classified as trading securities held in trust on the accompanying Consolidated Balance Sheets. The fair value of the trading securities held in trust was determined using quoted prices in active markets, which are considered Level 1 inputs of the fair value hierarchy. Changes in the value of trading securities are recorded within net investment (income) loss from deferred compensation plan in the accompanying Consolidated Statements of Operations.

Available-for-Sale Securities

Available-for-sale securities consist of investments in certificates of deposit and corporate bonds, and are recorded at fair value using matrix pricing methods to estimate fair value, which are considered Level 2 inputs of the fair value hierarchy. Unrealized gains or losses on these securities are recognized through other comprehensive income.

Interest Rate Derivatives

The fair value of the Company's interest rate derivatives is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. The Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its interest rate swaps. As a result, the Company determined that its interest rate swaps valuation in its entirety is classified in Level 2 of the fair value hierarchy.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis:

	Fair Value Measurements as of March 31, 2016			
(in thousands)		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:	Balance	(Level 1)	(Level 2)	(Level 3)
Trading securities held in trust	$29,615	29,615	—	—
Available-for-sale securities	7,890	—	7,890	—
Total	$37,505	29,615	7,890	—
Liabilities:				
Interest rate derivatives	$(34,765)	—	(34,765)	—

	Fair Value Measurements as of December 31, 2015			
(in thousands)		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:	Balance	(Level 1)	(Level 2)	(Level 3)
Trading securities held in trust	$29,093	29,093	—	—
Available-for-sale securities	7,922	—	7,922	—
Total	$37,015	29,093	7,922	—
Liabilities:				
Interest rate derivatives	$(20,539)	—	(20,539)	—

The following tables present assets that were measured at fair value on a nonrecurring basis:

	Fair Value Measurements as of March 31, 2016				
(in thousands)		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total Gains (Losses)
Assets:	Balance	(Level 1)	(Level 2)	(Level 3)	
Long-lived assets held and used					

Land	$1,596	—	1,596	—	(800)

During the three months ended March 31, 2016, the Company recognized an $800,000 impairment on land held. The impairment of the real estate, which was classified as held for sale as of March 31, 2016, was calculated as the expected sales price from the executed sales contract less estimated transaction costs as compared to the Company's carrying value of its investment.

There were no assets measured at fair value on a nonrecurring basis as of December 31, 2015.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

8. Equity and Capital

Common Stock of the Parent Company

Issuances:

The current at the market ("ATM") equity offering program authorizes the Parent Company to sell up to $200 million of common stock at prices determined by the market at the time of sale. As of March 31, 2016, $70.8 million of common stock remained available for issuance under this ATM equity program.

The following table presents the shares that were issued under the ATM equity program:

	Three months ended March 31,	
(dollar amounts are in thousands, except price per share data)	2016	2015
Shares issued [(1)]	182,787	18,125
Weighted average price per share	$68.85	$64.72
Gross proceeds	$12,584	$1,173
Commissions	$157	$15

[(1)] Reflects 182,787 shares traded in December 2015 and settled in January 2016 and 18,125 shares traded December 2014 and settled in January 2015.

In March 2016, the Parent Company entered into a forward sale agreement (the "Forward Equity Offering") with respect to 3.1 million shares of its common stock. Assuming the Forward Equity Offering is physically settled based on the offering price to the public of $75.25 per share, the Forward Equity Offering will result in gross proceeds of approximately $233.3 million, before any underwriting discount and offering expenses. We expect to settle the offering on one or more dates occurring no later than 15 months after the date of the offering.

Common Units of the Operating Partnership

Issuances:
Common units were issued to the Parent Company in relation to the Parent Company's issuance of common stock, as discussed above.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2016

Accumulated Other Comprehensive Loss

The following tables present changes in the balances of each component of AOCI:

	Controlling Interest			Noncontrolling Interest			Total
(in thousands)	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Securities	AOCI	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Securities	AOCI	AOCI
Balance as of December 31, 2014	$(57,748)	—	(57,748)	(750)	—	(750)	(58,498)
Other comprehensive income before reclassifications	(13,739)		(13,739)	(143)		(143)	(13,882)
Amounts reclassified from accumulated other comprehensive income	2,210	—	2,210	39	—	39	2,249
Current period other comprehensive income, net	(11,529)	—	(11,529)	(104)	—	(104)	(11,633)
Balance as of March 31, 2015	$(69,277)	—	(69,277)	(854)	—	(854)	(70,131)

	Controlling Interest			Noncontrolling Interest			Total
(in thousands)	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Securities	AOCI	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Securities	AOCI	AOCI
Balance as of December 31, 2015	$(58,650)	(43)	(58,693)	(785)	—	(785)	(59,478)
Other comprehensive income before reclassifications	(16,581)						